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Benjamin Dives
Dragon Payments Ltd
Kemp House
160 City Road
London
EC1V 2NX

29 January 2020

Dear Mr Dives

DRAGON PAYMENTS LIMITED ("THE COMPANY")

We refer to our recent meeting at which we discussed the financial position of the Company, and the subsequent meeting of the Board of Directors of the Company. The Board has concluded that the Company is insolvent and that it wishes to engage David Rubin & Partners ("DRP") to assist the Directors to place the Company into Creditors' Voluntary Liquidation.

1. Purpose of this letter

We thank the Board for this instruction and confirm our willingness to assist the Directors with this process. The purpose of this letter is to record that DRP has been engaged by the Company to provide the services (the **Services**) and to set out below the terms of our engagement together with a brief explanation of our respective responsibilities.

2. Scope of Services

We will provide the following services:

- Advise the Directors in the financial control and supervision of the business between the date of this meeting and the date of the passing of a resolution for winding-up;
- Assist the Directors in the preparation of the Statement of Affairs pursuant to the provisions of section 99 of the Insolvency Act 1986, and other information required to be provided to Creditors ahead of the Decision Procedure for their nomination of the Liquidator. The Statement of Affairs must be verified by a Statement of Truth by a Director and **delivered** to Creditors at least 1 day prior to the day of the Decision Procedure. We should therefore be grateful if you would make yourself available at the appropriate time (unless alternative arrangements have been made) for you to examine and approve the Statement of Affairs prior to making the statement.

It should be clearly understood that these services are requested and given for the benefit of the creditors of the Company. Our role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's assets (where relevant) and with this in mind, the directors should take their own independent advice on their position as necessary.

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We will be acting in an advisory capacity only to the Company. Management of the Company remains solely the responsibility of the Directors until any Liquidator is appointed;

We are authorised by the Directors to discuss and disclose any information relevant to the Company's affairs with management and its advisors, whether or not that information is included in the scope of the engagement.

3. Directors' Responsibilities

The Directors' responsibilities are as follows:

- In the period up to the passing of the Resolution to wind up the Company by the members and the decisions of creditors you remain responsible for the conduct of the affairs of the Company and you are under a duty to act so as to preserve the Company's assets and minimise its liabilities in the interest of creditors and members generally.
- You must ensure that any action that you take will not result in any creditor or member, or group of creditors or members, being preferred or given an advantage over the remainder. In particular, you should ensure that any secured creditor having a fixed and floating charge over the Company's assets is not put in a better position as a result of trading, sales of assets on credit etc.
- No payments should be made or authorised to existing creditors of the Company, nor should you obtain any goods or services on credit.
- No delivery of goods already ordered should be accepted with the exception of goods and services required for the realisation of the assets, which should be paid for by cash out of money specifically allocated.
- No assets should be disposed of, except to the extent necessary to meet essential costs and expenses, and you should take care not to allow any of the Company's creditors to obtain possession of the Company's assets pending investigation of any entitlements by a subsequently appointed Liquidator. Creditors seeking to recover goods supplied pursuant to reservation of title clauses (ROT) embodied in their conditions of sale should not be allowed to remove any items from the Company's premises and any such claims should be referred to us.
- You should not supply any goods or services on credit to existing or potential creditors.
- Cash or cheques received by the Company should be handed over to us for payment into our client's account. We shall use these funds to meet the costs and expenses of calling and holding the meetings. The remaining balance will be paid over to the duly appointed Liquidator.
- No goods or other assets should be deposited with, supplied or returned to any supplier, customer or any other person, the value of which could be used as a set off against an existing debt.
- Any Company's overdrawn bank account(s) must not be used. All standing orders, direct debits etc. should be cancelled.
- You are required to bring up to date the Company's books and records and to make both manual and electronic records available to the Liquidator on his appointment

- Adequate insurance cover in respect of the Company's business and assets must be maintained, and all assets, accounting records and statutory books are physically secured. Please advise us immediately if insurance cover expires before the date of the meetings.
- You should be aware that if a Company proposes to make 20 or more employees redundant at one establishment within a 90-day period, there is a responsibility on the employer to provide advance notification to the Secretary of State of the proposed redundancies (using Form HR1), as required by section 193 of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA). Under section 194, failure to notify the Secretary of State is a criminal offence, and from 12 March 2015 the potential fine is unlimited in value. The Directors should bear these obligations in mind prior to liquidation and if applicable to act on them. If you require assistance on this matter, you may wish to discuss this further with us.
- Finally, we expect you to co-operate with us as we carry out our role. In particular, we need you to be available to provide information as required, and we expect you not to act improperly, mislead us or withhold information.

4. The Position of the Directors

The Directors' and officers' powers cease automatically upon liquidation. Consequently there is no requirement to file a formal notice of resignation with the Registrar of Companies. There is however a continuing responsibility to assist the Liquidator and failure to do so is an offence under the Insolvency Act 1986 and may lead to disqualification proceedings being taken by the Department for Business, Energy & Industrial Strategy (BEIS).

It is the duty of the Liquidator to complete a report on the conduct of the Company's officers in pursuance of the Company Directors Disqualification Act 1986. Any adverse report may result in any, all, or a number of the Company's officers being disqualified from acting as a Director of a company for a period of two to fifteen years, depending on the severity of the unfit conduct. A breach of a disqualification order can result in criminal proceedings, leading to a fine or imprisonment (or both).

Liquidation may result in the crystallisation of any personal guarantees or surety that has been provided. If requested, we will discuss with you any potential personal liability, however, it must be stressed that we are instructed to act in relation to the Company and in order to avoid any potential conflict of interest we may recommend that you seek separate independent professional advice as to your personal position.

Liquidation brings only one automatic restriction on the officers of the Company. Under Section 216 of the Insolvency Act 1986, the officers are barred from acting as a director or in the formation, promotion or management of another business with a name or trading style so similar to that of the Company as to imply association. The purpose of the provision is to ensure that directors do not open consecutive businesses and benefit from ongoing goodwill at the expense of creditors. It also seeks to ensure creditors are not duped into providing credit facilities to a new business, in the belief it is an established company.

There are provisions in the Insolvency (England and Wales) Rules 2016 (Rule 22.1 to Rule 22.7) which allow exemption from the effects of Section 216 in circumstances where there are genuine reasons and perhaps benefits for a new company/business to utilise such a name.

Should you require, we may assist you in respect of the provisions of the Act and provide copies of the appropriate Statute. We strongly recommend that you seek independent legal advice if you feel the provisions of Section 216 are likely to apply to you.

5. Information Required of the Directors

As discussed with you, the preparation of the Statement of Affairs to be verified and sent to all creditors ahead of their decision on the nomination of a liquidator is key to the liquidation process, as is the gathering of information to prepare the report for creditors required by Statement of Insolvency Practice No 6 (SIP6).

Before we can issue notices to creditors to facilitate this decision, we need to be in a position where the preparation of the above documentation is underway, if not already finalised and ready to be sent out to creditors. Insolvency legislation requires that these documents must be provided to creditors before the liquidation occurs.

Therefore, we require that you provide us with a comprehensive list of the Company's financial documents by return. In order to assist you, we attach herewith a list of information (CVL1-F4) that you should provide us. Please note that Creditors consist of liabilities owed of any nature whatsoever including debts to Crown departments, trade and expense creditors, bank liabilities and financing such as hire purchase, leasing and any contract hire arrangement and may include any contingent creditors such as unexpired leases and disputed claims or any matter which either now or in the future could give rise to a claim against the Company.

The Statement of Affairs must schedule any debts due to employees/former employees, or consumer creditors who have paid for goods or services in advance, separately. To assist with this requirement, I would be grateful if you would identify such claims on separate schedules.

Whilst we will be assisting you with the preparation of the draft Statement of Affairs, the directors should note that it is an offence punishable by imprisonment and/or a fine, if any officer of the Company makes any material omission in any statement relating to the Company's affairs, therefore it is important that you make a full disclosure of the assets and liabilities of the Company.

Finally, I would advise you that any material transaction involving company assets after the Statement of Affairs has been verified by the directors (but before the nomination of a liquidator is decided by creditors), will trigger the requirement under insolvency legislation for a material transaction report to be made to creditors. This may have the effect of delaying the proposed decision on the nomination of a liquidator.

Should any material transactions occur during the above timeframe which are not disclosed, a liquidator once appointed, would be required to investigate these as antecedent transactions and report the findings to creditors.

Please note that the Directors remain responsible for the Company's affairs until the Liquidator is appointed. In this respect, please ensure that all the Company's books are written up-to-date. Wages records should be written up, but only in respect of monies actually paid to employees. All outstanding VAT and PAYE returns should be completed. Where forms P45 are issued to employees, Part 1 of the form should be handed to us.

6. Agents and Asset Valuation

It may be necessary to instruct agents to value and thereafter dispose of the Company's assets. It will greatly assist the agents if copies of any finance agreements, together with the lease (if appropriate) of the premises are made available as soon as possible.

In order that we may arrange for the valuation of any goodwill or intellectual property we will require full and comprehensive details of any patent applications, designs, copyrights, customer/product details and any other agreements or documentation that could prove to have a realisable value.

7. Privacy and Data Protection

As part of our role, we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data, in relation to insolvency appointments, can be found in the attached Privacy Notice.

We would also ask that you provide details about the extent of personal data held by the Company, for example, employee records, and inform us of any current or recent historical breaches under data protection legislation, you are aware of, that have been reported to the Information Commissioners' Office against the Company.

8. DRP's Team

Paul Cooper, and his partner Paul Appleton, will lead our team and be responsible for the preparation of the Statement of Affairs and supporting documentation and they will be assisted by Darren Ellis.

9. Fees

Our fees are normally calculated on the basis of time spent at hourly rates as set out below, dependent on the level of experience of the individual, in respect of the services to be rendered by us in connection with the preparation of the Statement of Affairs, and in seeking a decision of the Company's creditors over the nomination of a liquidator, which will include assistance with the preparation of the report to creditors on the Company's financial position.

However, in this instance we have agreed a fixed fee of £6,000 plus VAT and disbursements, and we require funds to be deposited with us for the specific purpose of defraying these costs. We confirm that any funds deposited with us will be banked in a client account, but as agreed, we will be at liberty to draw the agreed fee and disbursements, as permitted by Rule 6.7 of the Insolvency (England and Wales) Rules 2016, either before or immediately after the passing of the Members' Special Resolution placing the Company into liquidation. Interest earned on these funds will be for our benefit. In the event that we consider the fixed fee to be insufficient owing to unexpected circumstances requiring additional work to be performed, we reserve the rights to seek creditors' approval for additional payments.

If Paul Cooper and Paul Appleton are appointed as Joint Liquidators, they will seek creditors' approval for the basis upon which the Joint Liquidators' fees are to be calculated, which is likely to be on the basis of time spent at hourly rates relative to the level of experience of the individual. Our current rates exclusive of VAT, which are charged in units of 6 minutes, are shown below:-

£

Senior / Managing Partners	550
Partners/Office holders	495
Managers / Senior Managers	350 - 395
Senior Administrators	220 - 295
Administrators	160 - 200
Cashiers and Assistants	150 - 295
Support Staff	120 – 150

The proper charges and disbursements in connection with the services will be paid out of the assets of the Company.

In addition, disbursements will be recharged which typically comprise: travel, internal and external printing, advertising, room hire and postage.

10. Conflicts of Interest

The rules governing our profession restrict the extent to which we can deal with insolvent companies if they, or any of their directors or shadow directors, have been a client previously. There are also restrictions if there is any other relationship, which could prejudice our objectivity or could be seen to do so.

Our internal enquiries do not indicate that the Company or any of its directors or shadow directors has been a client previously. A shadow director is defined as a person in accordance with whose directions or instructions the directors are accustomed to act. We have not identified any other relationship which could impair our objectivity.

The endorsement at the bottom of this letter is confirmation that as far as you are aware and in your opinion, no conflict of interest exists which would prevent the acceptance of appointment as Liquidator.

If an actual or potential conflict comes to our attention after the commencement of our engagement, we will discuss this with you and determine an appropriate course of action. However, you agree that, as a result of duties imposed by law or the rules or regulations of any regulatory authority or of duties of confidentiality owed to other persons, DRP may be prohibited from disclosing, or it may be inappropriate for DRP to disclose, information to you, including details of the conflict situation.

If a conflict situation arises and we cannot continue our engagement with you, you agree to pay our fees for providing the Services up to the termination date, together with any expenses incurred by us in connection with the provision of the Services. You also agree that we shall not have any liability to you arising out of or in connection with the conflict situation.

11. Clients' Money Regulations

We may, from time to time, hold money on your behalf. Such funds will be held in trust in a client bank account, which is segregated from DRP's funds. The account will be operated, and all funds dealt with, in accordance with the Clients' Money Regulations of the Institute of Chartered Accountants in England and Wales.

In order to avoid an excessive amount of administration, interest will only be paid to you where the amount earned on the balances held on your behalf in any calendar year exceeds £200. If the total

sum of money held on your behalf is enough to give rise to a significant amount of interest or is likely to do so, then we will put the money in a separate designated interest bearing client bank account and pay the interest to you which, subject to any tax legislation, will be paid gross.

We will return monies held on your behalf promptly as soon as there is no longer any reason to retain those funds.

12. The Provision of Services Regulations 2009

In accordance with the disclosure requirements of the Provision of Services Regulations 2009, our Professional Indemnity insurer is Royal & Sun Assurance Plc. The territorial coverage is worldwide, including business conducted in the United States of America or Canada provided that the Insurer shall not be liable for punitive and exemplary damages.

13. Proceeds of Crime Act 2002 (PoCA) and Money Laundering Regulations

In order to comply with legal requirements relating to money laundering, we are required to go through formal procedures with each client before we can act for that client to establish, amongst other things, the identity of the client and maintain records of identification as evidence.

Although we may have acted for you in the past, as this is a new assignment, we are required to renew our identification procedure. In this connection, when returning an endorsed copy of this Letter of Engagement, would you please also enclose a certified copy of the photo page of the passports of two of the Directors of the Company, and at least one of the following:-

- bank statement/utility bill; or
- register of electors print; or
- driving licence.

If you cannot get the passport copies certified by a Solicitor or a qualified accountant, please bring the passports with you to our office so that we may compare each copy with its original.

We would confirm that the proposed Office Holder(s) is a Data Controller within the meaning of data protection legislation and any data received from you in this regard, will be processed only for the purpose of preventing money laundering or terrorist financing, or as permitted under Regulation 41(3) of the 2017 Regulations (Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017).

14. Quality of Service

If at any time you are dissatisfied with the services you are receiving, please contact the Engagement Partner disclosed in this Letter of Engagement. If you would prefer to deal with someone else, please contact our Compliance Partner, Henry Lan. We will carefully consider any complaint we receive and, if we believe that we have given a less than satisfactory service, we will take all reasonable steps to put it right.

Whilst we undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you, if you remain unsatisfied, you have the right to refer the matter to the Insolvency Complaints Gateway which is operated by the Insolvency Service, an Executive Agency of the Department for Business, Energy & Industrial Strategy (BEIS).

Complaints can be made by email, telephone or letter to staff in the Complaints Gateway as follows:

- Calling the Insolvency Service Enquiry Line on 0300 678 0015 (week days 9am to 5pm);
- By completing an online complaints form at www.gov.uk/complain-about-insolvency-practitioner (Guidance for those who wish to complain can also be found on this site;
- Alternatively, by sending the completed complaints form to: IP Complaints, Insolvency Service, 3rd Floor, 1 City Walk, Leeds, LS11 9DA.

15. Governing Law and Jurisdiction

The Contract shall be governed by and interpreted in accordance with the laws of England and Wales. The Courts of England and Wales shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Contract and any matter arising from it.

16. Agreement of Terms

Please read this letter carefully, and if you are in agreement with the terms set out therein, kindly sign and date the enclosed copy and return it to us immediately.

Finally, should you have any questions regarding the content of this letter, please do not hesitate to contact Darren Ellis at this office.

Yours sincerely

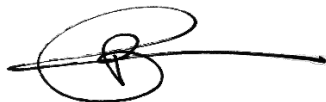


DAVID RUBIN & PARTNERS

Confirmation of Terms of Engagement

We confirm that the above properly sets out the arrangements agreed for this assignment, and we agree to its terms. We also confirm that DRP will have unrestricted access to the Company's books and records and the full cooperation of its Directors and senior management who will keep you informed of any matters arising which they consider are relevant to your work. In addition, we confirm that you may liaise fully with the Company's bankers, factors, invoice discounters, solicitors and other relevant professional advisors on any matters concerning the Company's financial affairs.

We also confirm that neither the Company nor any of its directors or shadow directors are aware, of any relationship which could prejudice David Rubin & Partners' objectivity or be seen to do so in respect of this assignment.



Signed:

BENJAMIN DIVES

ON BEHALF OF DRAGON PAYMENTS LTD

29.1.2020

Date: